



Press Release

Driven by historic growth in deposits, MCB posted highest ever Profit Before Tax of Rs. 125.2 Billion (+75%) for the year 2023

[Lahore: February 07, 2024] The Board of Directors of MCB Bank Limited (MCB) in its meeting under the Chairmanship of Mian Mohammad Mansha, on February 06, 2024, reviewed performance of the Bank and approved the financial statements for the year ended December 31, 2023. The Board of Directors has declared final cash dividend of Rs. 9.0 per share i.e. 90%, in addition to 210% already paid, bringing the total cash dividend for the year 2023 to 300%.

Through focused efforts of the Bank's management in building no-cost deposits and optimizing its earning assets mix, MCB achieved significant growth in core earnings to post a historic Profit Before Tax (PBT) of Rs. 125.2 billion; registering an impressive increase of 75% over last year. The Profit After Tax (PAT) was recorded at Rs. 59.6 billion (+82%) and translated into an Earning Per Share (EPS) of Rs. 50.32 compared to an EPS of Rs. 27.63 reported in the last year.

Aided by a strong volumetric growth in current account and timely repositioning of the asset book, net interest income for the year 2023 increased by 69% as compared to last year.

Non-markup income increased to Rs. 32.9 billion (+34%) against Rs. 24.6 billion in the last year with major contributions coming in from fee commission income (Rs. 20.2 billion), income from dealing in foreign currency (Rs. 8.5 billion) and dividend income (Rs. 3.0 billion).

Improving customer and interbank flows, diversification of revenue streams through continuous enrichment of service suite, investments towards digital transformation and an unrelenting focus on upholding high standards of service delivery supplemented a broad-based growth of 43% in income from fee commission; with trade and guarantee related business income growing by 111%, cards related income by 49%, branch banking customer fees by 14% and income from home remittance by 26%.

The Bank continues to manage an efficient operating expense base and monitor costs prudently. Amidst a persistently high inflationary environment, currency devaluation, rapidly escalating commodity prices and continued investments in human resources and technological upgradation, the operating expenses of the Bank were reported at Rs. 51.8 billion (+25%). The cost to income ratio of the Bank improved significantly to 29% from 37% reported in the last year.

Navigating a challenging operating and macroeconomic environment, the Bank has been addressing asset quality issues by maintaining discipline in management of its risk return decisions. Diversification of loan book across customer segments and a robust credit underwriting framework that encompasses structured assessment models, effective pre-disbursement evaluation tools and an array of post disbursement monitoring systems has enabled MCB to effectively manage its credit risk; the Non-performing loan (NPLs) base of the Bank was reported at Rs. 53.9 billion as at December 31, 2023. The coverage and infection ratios of the Bank were reported at 82.70% and 8.66% respectively.



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On the financial position side, the total asset base of the Bank grew by 16% and was reported at Rs. 2.43 trillion. Analysis of the assets mix highlights that net investments increased by Rs. 271 billion (+28%) whereas gross advances reported a decrease of Rs. 175 billion (-22%) over December 31, 2022.

The Bank continued its focus on building no cost deposits, leading to a un-precedented growth of Rs. 180 billion (YoY: +28%) in average current deposits. The average current to total deposits ratio improved to 50.5% in the year 2023 as compared to 42.2% in the last year. Despite a 7.3% increase in average policy rate during the year, the domestic cost of deposits was contained at 9.12% as compared to 6.51% in the year 2022.

Return on Assets and Return on Equity significantly improved to 2.64% and 31.60% respectively, whereas the book value per share was reported at Rs. 174.35.

During the year, MCB attracted home remittance inflows of USD 3,247 million to further consolidate its position as an active participant in SBP's cause for improving flow of remittances into the country through banking channels; with market share improving to 12.3% as compared to 11.5% in the year 2022.

While complying with the regulatory capital requirements, the Bank's total Capital Adequacy Ratio (CAR) is 20.39% against the requirement of 11.5% (including capital conservation buffer of 1.50% as reduced under the BPRD Circular Letter No. 12 of 2020). Quality of the capital is evident from Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio which comes to 17.21% against the requirement of 6%. Bank's capitalization also resulted in a Leverage Ratio of 6.17% which is well above the regulatory limit of 3.0%. The Bank reported Liquidity Coverage Ratio (LCR) of 250.62% and Net Stable Funding Ratio (NSFR) of 147.41% against requirement of 100%.

Pakistan Credit Rating Agency re-affirmed credit ratings of MCB at "AAA / A1+" for long term and short term respectively, through its notification dated June 23, 2023.

The Bank on consolidated basis is operating the 2nd largest network of more than 1,600 branches in Pakistan. The Bank posted its highest ever Consolidated Profit Before Tax of Rs. 137.5 Billion (+83%) for the year 2023, with its deposit book crossing the Rs. 2Trln mark as at December 31, 2023. The Bank remains one of the prime stocks traded in the Pakistani equity market and ranks amongst the highest capitalized banks in the industry.

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